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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Advisory Branch**

**RESOLUTION NO. W-4314
December 11, 2001**

R E S O L U T I O N

**(RES. W-4314), RIO PLAZA WATER COMPANY, INC., (RPWC).
ORDER AUTHORIZING AN OFFSET RATE INCREASE OF
\$6,060 OR 2.9% IN ADDITIONAL REVENUE DUE TO
PURCHASED POWER COSTS AND PUMP ASSESSMENTS.**

SUMMARY

By Advice Letter 34-W, filed August 9, 2001, RPWC seeks to increase rates by \$6,060 or 2.9% to offset increases of purchased power from Southern California Edison, and pump assessments from the United Water Conservation District, and the Fox Canyon Groundwater Management Agency. The increase will not result in a rate of return greater than last authorized for RPWC.

BACKGROUND

RPWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to adjust rates to offset the increase in its purchased power and pump assessment costs.

Pursuant to Commission D.01-03-082, SCE and PG&E were granted a rate increase of \$0.03 per kilowatt-hour due to the recent increase in wholesale electricity costs. Both the United Water Conservation District (UWCD) and Fox Canyon Groundwater Management Agency (FCGMA) have increased their charges for pumping water. As a result of the increases granted to Edison, PG&E, UWCD and FCGMA, RPWC is seeking to increase its rates by increasing its meter rate schedules to offset the \$6,060 or 2.9% estimated increase in purchased power and pump assessment costs.

NOTICE AND PROTESTS

Notice of the proposed rate increase was mailed to the individual customers on August 8, 2001. The Water Division received one letter objecting to RPWC choosing to pay the increases UWCD and FCGMA charged. When it was pointed out the charges are like a tax and RPWC had no choice but to pay the increases, the customer seemed satisfied.

DISCUSSION

Effective June 3, 2001, pursuant to D.01-05-064, SCE rates were increased for summer and winter consumption. These SCE rate increases have resulted in a \$5,099 increase in purchased power costs for RPWC. The UWCD has increased the pump charge RPWC must pay from \$12.00 to \$15.45 per acre-foot. The net result to RPWC is an annual increase of \$780. The FCGMA has increased the pump charge RPWC must pay from \$2.20 to \$3.00 per acre-foot. The net result to RPWC is an annual increase of \$181. The total annual increase is \$6,060.

The increase in SCE's purchased power costs and UWCD's and FCGMA's pump charges are directly related to water consumption and therefore shall be applied to quantity rates. In order to recover the higher costs, RPWC will increase its quantity charge from \$0.852 to \$0.914 per CCF (one CCF is equal to 100 cubic feet) for all use.

RPWC's year 2000 rate of return was 9.59%. Its last authorized rate of return was 11.56% as provided by Resolution W-3892 dated November 27, 1994. RPWC is not earning more than its authorized rate of return.

The offset increase requested herein is for the purpose of recovering in rates on a dollar-for-dollar basis changes in items that have occurred since the present rates became effective. This rate increase will not result in a return greater than that previously authorized.

FINDINGS

1. The Commission finds, after investigation by the Water Advisory Branch, that the rate increase hereby authorized is justified, and the resulting rate is just and reasonable.

THEREFORE IT IS ORDERED THAT:

1. Rio Plaza Water Company, Inc. is authorized, five days after the effective date herein, to make effective the revised rate Schedule No. 1, General Metered Service, attached to Advice Letter 34-W, and to concurrently cancel the presently effective rates.
2. Rio Plaza Water Company, Inc. is directed to maintain a balancing account as required by Public Utilities Code Section 792.5.
3. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on December 11, 2001; the following Commissioners voting favorably thereon:

WESLEY M. FRANKLIN
Executive Director